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THE USE OF NIGHT-TIME LIGHT SATELLITE DATA AS A PROXY FOR ECONOMIC DEVELOPMENT: A BRIEF RESEARCH REVIEW

Dr. Subrata Majumder

Assistant Professor in Economics, Sundarban Mahavidyalaya, Kakdwip, South 24 Parganas, West Bengal, India

ABSTRACT

Measuring economic growth in a country as vast and uneven as India, or any large developing nation, is not a simple job. However, official numbers, like GDP growth rates, employment figures, and poverty headcounts really matter. But these numbers often arrive late and sometimes miss what is happening in real-time, especially in places where data collection is not easy. Rural pockets, informal markets, remote islands often slip through the cracks. In the last decade, researchers have turned to an unexpected tool: night-time satellite images. It might sound odd at first, but it makes sense when we think about it. These images capture the glow of artificial lights after sunset, mapping which areas shine bright and which remain cloaked in darkness. And light, as it turns out, can be a surprisingly effective proxy for economic activity. Brighter spots usually mean bustling towns, factories, roads, and homes with electricity, indicates all signs of economic prosperity. Meanwhile, dimmer regions often tell the familiar, disheartening story of deprivation, neglect, or stagnation. In places like India, where official data can be irregular, this kind of information can be priceless. Of course, the system is not perfect. There are glitches like pixel saturation, blooming effects from overly bright spots, and blind spots in rural, informal economies. But even with these errors, night-time light data fills critical gaps left by conventional statistics. Matching with other sources, it paints a richer, quicker picture of how economies are really doing. In this paper, an attempt has been made to review some important research works on the use of night-time light data for measuring economic development. It also discusses the advantages and disadvantages of using night-time satellite data for this purpose.

KEYWORDS: Night-Time Light Data, Economic Development, Developing Countries, Data Proxy, Pixel Saturation, Blooming

1. INTRODUCTION

Measuring economic growth in a developing country (like India) is not exactly straightforward. However, researchers have relied for decades on the usual indicators like GDP, Per Capita Income, Employment Rates etc. They have done their job, no doubt but, these numbers often arrive late, sometimes do not tell the full story, and struggle to capture the economic activities of a place as vast and uneven (as India). Cities grow fast, but villages often stay the same. Therefore, it is hard to track this kind of difference with only surveys and numbers. So these days, researchers and policymakers are trying out new ways to measure what is really happening. One of the coolest tools they have turned to is Night Light Satellite Data. It might sound a bit sci-fi, but actually it is simple satellites snap images of the Earth at night, picking up artificial lights. Those tiny specks of light actually tell us a lot about where people live, work, and spend money. Now it is become a handy, real-time way to estimate economic activity, especially in places where official data barely exists.

The idea behind this data is surprisingly simple. The places with more economic activity usually glow brighter at night. It indicates more factories, more homes, more roads etc. This paper, examines how night light data has been put to work for measuring the economic development of developing countries. It is been used for all sorts of things like tracking economic growth, spotting poverty, assessing the fallout from disasters, even keeping an eye on how infrastructure projects are shaping up. Naturally, like most things that seem a little too good to be true, there are a few flaws in the mix. The data is not always flawless. Sometimes, it misses the mark, and calibration issues (Zhang & Seto 2013)[1] pop up more often than one might hope. Honestly, trying to capture the rich, tangled reality of developing countries economy through a bunch of glowing dots in a satellite image can feel a bit like trying to paint a massive wall painting with a toothbrush, which gets the broad strokes, but a lot of the finer details slip through. That said, in a country as fast-moving and data-hungry as India, where official numbers often lag behind reality, night light imagery has carved out a surprisingly useful role. Though, it is not perfect, still it offers a valuable glimpse into patterns of growth, inequality, and development on the ground (Rybnikova, 2022)[2].

The brief review paper is structured into six sections. Beginning with this introduction (Section-1), followed by a brief literature review (Section-2), a overview of the methodology (Section-3), some major findings of existing studies (Section-4), limitation of using night light data (Section-5) and finally a concluding section (Section-6) summarizing the key observations and few recommendations.

2. LITERATURE REVIEW

The use of night light data in economic research is pretty new in the grand scheme of things, but it is catching on fast. Back in 1997, Elvidge[3] and his team ran some global studies and found something fascinating, the amount of light you can see from

satellites at night actually lines up with a country's economic activities. They used data from the Defense Meteorological Satellite Program's Operational Linescan System (DMSP-OLS), and honestly, it changed the game. This early work opened the door for researchers working in places like India, where official economic data is not always perfect. A few years later, Henderson, Storeygard, and Weil (2012)[4] took things a step further. They developed a method using satellite night light data to improve official income growth estimates, especially in countries with weak economic records. This approach also makes it possible to track growth in smaller or larger regions. It is a clever workaround and one that is becoming more and more popular

In India, the story really picks up with Bhandari and Roychowdhury (2011)[5]. They used DMSP-OLS night light data to estimate economic output at the district level and, not surprisingly, uncovered some pretty sharp differences in development from one region to another. A few years down the line, Zhou et al. (2015)[6] came in with smarter techniques to fix common issues like light saturation in big cities and those annoying blooming effects where the light sort of spills over into nearby areas. Their pinches made the numbers way more reliable. After that, the new generation of studies came. Use of Visible Infrared Imaging Radiometer Suite (VIIRS) data, a big upgrade in both clarity and detail was found in night light research. Chanda & Cook (2019)[7], for example, tapped into this higher quality data to track the economic fallout from India's demonetization. However, the data was also able to capture those localized slumps in urban and semi-urban places that often slip through the cracks in official reports. What is interesting is that night light data is not just about GDP anymore. Researchers have gotten creative with it, mapping poverty (Elvidge et al. 2009)[8], assessing disaster damage (Jia et al. 2023)[9], and even evaluating infrastructure development (Stokes & Seto, 2019)[10]. All in all, while it is not hundred percent perfect, the growing pile of studies shows that night light data is a pretty solid tool for tracking both economic and social changes, especially when regular data isn't telling the whole story.

3. OVERVIEW OF METHODOLOGY

Most studies that work with night light data tend to follow a pretty similar game plan. First up, they grab the satellite images, usually from either the good old DMSP-OLS or the newer, sharper VIIRS Day/Night Band. However, as the raw data is highly messy therefore, before anything useful happens, it needs some cleaning. Researchers fix stuff like year-to-year calibration problems, blooming (when the light spreads out too much), and pesky cloud cover getting in the way. Once that's sorted, they matched up the light intensity values within specific areas, like districts, states, or whatever region makes sense for the study. After that, it is all about connecting those brightness numbers to real-world things like, GDP, Population Density, and Poverty Rates etc. Some researchers even take it a step further. They throw in machine learning models, mixing night light data with other information like land use maps, infrastructure data, and census figures to boost the accuracy of their predictions. It is a clever setup and while it is not flawless, it keeps getting better.

Another thing that is also seen a lot, in this kind of research, is Spatial Econometric Models. These kinds of models trying to figure out how things like new roads, power grids, or growing cities affect nearby areas. In geospatial data, what happens in one place often affects the areas around it. That is what they call spatial autocorrelation, and these models help keep it in check. Now, how do researchers know if their light-based estimates are good? Simple, when official numbers are available, they will line them up and see how closely they match. However, when in many places, those stats either don't exist or can't be trusted, then in those cases, they get creative. Sometimes, they use proxy indicators, like electricity consumption or mobile phone data. Other times, it is good old-fashioned field visits and talking to people on the ground. Not perfect, but it works.

4. MAJOR FINDINGS FROM EXISTING STUDIES

The research so far has some pretty interesting takeaways. First off, night light data almost always lines up with economic indicators, whether researchers looking at the big picture or zooming in on local areas. Henderson et al. (2012)[4] found that when night light intensity goes up by just 1%, GDP tends to rise by around 0.3 to 0.5%. However, pattern seems to hold up pretty well in India too. Digging deeper, district-level studies by Bhandari and Roychowdhury (2011)[5], show some clear trends. Big cities like Delhi, Mumbai, and Bangalore glow the brightest, no surprise there, and with more light comes more economic activity. However it is not an even spread. Huge parts of eastern and central India stay dim, and sadly, those are the same areas we already know struggle with poverty. The lights, quite literally, tell a story that we have seen before.

Many studies have also seen how night light data changes during big policy events, and it reacts quite quickly. Take the 2016 demonetization in India, for example. Joshi (2022) [11] noticed clear drops in night light brightness across several industrial towns' right after the move. It was one of those rare moments where one could almost watch the economy struggle in real time, just by looking at satellite images. And it is not just about big events. Night light data has been doing some impressive work in poverty mapping too. Li et al. (2019)[12] mixed satellite light data with machine learning tools to predict poverty levels in tiny, local areas. What's cool is that their method actually did better than traditional surveys, especially in places where on-the-ground data is hard to get. It is a good reminder that sometimes, the lights in the sky can tell us more than the numbers on paper.

5. LIMITATIONS OF USING NIGHT LIGHT DATA

Though, there is no doubt about that the Night Time Light Data is a very attractive handy tool for the research of economic growth and development still like most good things, it comes with its own set of problems. The old DMSP-OLS sensors, for example, had a rough time dealing with really bright city lights. In those cases, the pixels would get saturated, basically maxing out, and there is a chance to lose the finer details. Even worse, there is something called "blooming," where the light kind of blinks into nearby areas, making it hard to tell what is actually

going on and what is not (Cao et al. 2019)[13]. It messes with the satellite map. Now, the newer VIIRS data has cleaned up a lot of those issues. It is sharper, and way better with brightness levels. However VIIRS data is not perfectly flawless (Xiong et al. 2014)[14]. There are a few errors and challenges researchers need to watch out for.

Night Time Light (NTL) data is great for spotting certain kinds of economic activity, like how cities grow, where new roads pop up, or how well electrified a region is. But that is about where it stops. It does not really pick up on stuff happening in the informal economy, out in the fields, or in industries that do not rely much on lighting. So, a lot of everyday economic life, especially in rural areas, stays invisible. There is another tricky part. The link between how bright the places look at night and how rich they are is not always simple. In wealthy areas, lights can hit a ceiling, no matter how much the economy grows, the place would not necessarily get any brighter. On the other side, cultural habits or government rules about saving energy can make a city look dimmer than it actually is, economically speaking. So, reading too much into the lights without knowing the local story can be risky. However, in Night Time Light, bright spots didn't mean prosperity (Sutton & Elvidge 2014)[15], just a big sports stadium lit up for a night match.

Tracking changes over time with night light data is not always smooth sailing. Issues like cloud cover, messing up the view. However, to capture the Night Light Data from satellite, the sensors need regular calibration. Low maintenance of the sensors occasional generates the gaps in the data. These little data discontinuities can really throw off long-term studies (Zhao et al. 2019)[16]. Using satellite images to study communities without their knowledge or understanding of the context can be a bit problematic. Just because we can see a place from space does not always mean we should draw conclusions about it (Gao et al. 2023)[17]. It is one of those things researchers need to handle with a bit more thought and respect.

6. CONCLUSION AND RECOMMENDATIONS

Night light satellite data has turned into a surprisingly useful, though far from perfect, tool for tracking economic development. The biggest strength of this data is its ready availability. The data cover a lot of ground, and it can pick up on things official numbers often miss, like informal businesses or unregistered settlements. In a country where government stats can sometimes be patchy, slow, or just plain missing, this kind of data can really help to fill the blanks.

However, it is important to keep in mind the flaws issues, like pixel saturation, cloudy nights blocking the view, and the fact that not every form of economic activity shows up in lights. For policymakers, the smart move would be to mix night light data with other types of information, like health records, education stats, and environmental reports, to get a fuller, fairer picture of what is actually going on in different regions. On the other hand, for researchers, there is plenty of work left to do. Better calibration, tackling the saturation problem, and figuring out how light links to different kinds of economic activity especially in places where the patterns do not follow the usual rules. Finally, it can be said that, beyond just economics, this kind of data could be a game changer for public health planning, tracking school infrastructure, or managing disaster relief. In a world that is running more and more on data, using night lights wisely could help brighten up the path to a fairer, more inclusive future for developing countries like India.

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